

**LSU HEALTH CARE SERVICES DIVISION
BATON ROUGE, LOUISIANA**

POLICY NUMBER: 2531-16
Accounting for Consumable Inventory-Non-PeopleSoft Inventories

CATEGORY: Financial Services

CONTENT: Accounting For Consumable Inventory- Non PeopleSoft Inventories

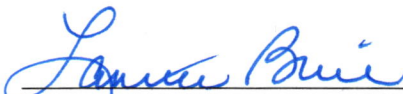
EFFECTIVE DATE: July 1, 2005

REVIEWED/REVISED: December 4, 2009

REVIEWED: February 22, 2011

REVIEWED/REVISED: February 17, 2016

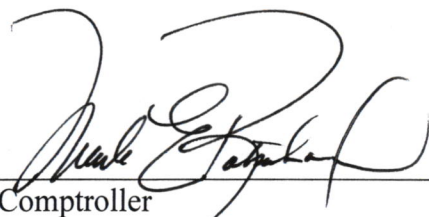
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Deputy Chief Executive Officer
LSU Health Care Services Division

2/19/2016

Date



Comptroller
LSU Health Care Services Division

2/17/2016

Date

I. – GENERAL

It will be the policy of LSU HCSD to account for consumable inventory costs using the PeopleSoft Inventory subsystem. For all other areas in which stock is accumulated for the purposes of maintaining an inventory, the goods will be charged directly to the appropriate PeopleSoft expense account and department at the time of purchase.

At Fiscal Year end for Financial Statement Purposes, an adjusting entry will be made to establish a balance in the Inventory Asset Account and reduce expenses recognized for the period based on the amount of goods on hand.

Specific Procedures for the preparation and documentation of the accounting entries associated with Non-PeopleSoft Inventories will be maintained on the LSU HCSD Finance web site at http://www.lsuhsospitals.org/policies/public/2500-fiscal_services.

The Non-PeopleSoft Inventories will be calculated using the Weighted-Average Cost of Inventory purchased during the Fiscal Year.

II. DEFINITIONS

Non-PeopleSoft Inventory – An entity that has not been established in PeopleSoft Financials as an Inventory Business Unit and does not maintain a perpetual Inventory Balance, but takes periodic physical counts.

PeopleSoft Inventory Business Unit – An entity established within PeopleSoft Financials defining a location that receives and issues Items that are kept in stock within the Hospital.

Weighted-Average Cost of Inventory – This method of accounting for Inventory measures the total cost of items in inventory that are available for issue in an Inventory Business Unit divided by the total number of units available for issue. For HCSD, this calculation is made in conjunction with the physical count at fiscal year end. The inventory asset account is only adjusted at fiscal year end.

III. APPLICABILITY

This policy shall apply to all divisions and facilities of the LSU HCSD.

IV. IMPLEMENTATION

This policy becomes effective upon the approval and the signature Deputy Chief Executive Officer of the LSU Health Care Services Division. Subsequent revisions to this policy shall become effective on the date the revised policies are approved by the Deputy Chief Executive Officer of LSU Health Care Services Division or designee.

V. **RESPONSIBILITY**

It shall be the responsibility of each Hospital Chief Financial Officer or Hospital Administrator or designee(s) to adhere to the procedures set forth in this policy.